

VZCZCXYZ0002
RR RUEHWEB

DE RUEHEG #0023 0041250
ZNR UUUUU ZZH
R 041250Z JAN 10
FM AMEMBASSY CAIRO
TO RUEHC/SECSTATE WASHDC 4657
INFO RUCPDO/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEHRC/DEPT OF AGRICULTURE WASHINGTON DC

UNCLAS CAIRO 000023

SIPDIS

STATE FOR NEA/ELA

E.O. 12958: N/A
TAGS: [ECON](#) [EINV](#) [EFIN](#) [ETRD](#) [EAGR](#) [PREL](#) [PGOV](#) [EG](#) [ET](#)
SUBJECT: EGYPT'S ECONOMY: January 4 PRESS ROUND-UP

11. (U) The following are notable economic news stories that appeared over the past week in the Egyptian press:

Port Said to Continue Operating as a Free Zone

12. (U) President Mubarak announced during his visit to Port Said that the governorate would continue to operate as a free zone for the foreseeable future, despite previous plans to phase out its free zone status in 2009. As a free zone, export companies in Port Said are exempt from Egyptian sales taxes and import duties on intermediate goods. Minister of Investment Mahmoud Mohieddin noted that the Port Said free zone includes 1,160 companies with total investments of US\$14 billion (Al Ahram, 12/29/2009).

Stock Market Up 35% in 2009

13. (U) EGX 30, the main Egyptian stock market index, increased by 35% in 2009. Al Alam Al Youm newspaper singled out the strength of the real estate sector as a major factor driving the growth (Al Alam Al Youm, 1/3/2010).

Egyptian-Ethiopian Economic Relations to Increase

14. (U) Prime Minister Ahmed Nazif met with his Ethiopian counterpart on a visit to Addis Ababa and hailed growing Egyptian-Ethiopian economic relations. The two nations have agreed to establish the "Nile Fund for Investment," with Egyptian banks providing US\$1 billion in capital for trade projects in the Nile Basin region (Al Ahram, Al Masry Al Youm, Al Shorouk, 12/29/2009).

Exemption of Sugar from Customs Duties Extended

15. (U) The Egyptian Customs Administration has extended a Prime Ministerial decree exempting sugar imports from customs duties until the end of June 2010. The exemption, which was first implemented in August 2009, is intended to mitigate the effect of rising global sugar prices combined with high local demand (Al Masry Al Youm, Al Shorouk, 1/3/2010).

Orascom Plans to Pay 20% of Algerian Tax Request

16. (U) Alex Shalaby, the Chairman of the Mobinil phone company, which is majority-owned by Orascom Telecom, says that Orascom plans to pay the Algerian government 20% of the US\$596 million that the government claims the company owes in back taxes. The Egypt-based Orascom Telecom, one of the largest telecommunications companies in

the Middle East and North Africa, has been embroiled in the tax dispute with the Algerian government since November (Al Masry Al Youm, 12/29/2009).

TUELLER